

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 11, 2003**

**REGULAR**   X   **CONSENT**        **EFFECTIVE DATE**   September 12, 2003  

**DATE:** August 28, 2003

**TO:** John Savage through Marc Hellman and Rebecca Hathhorn

**FROM:** Renee Sloan

**SUBJECT:** A&G LLC Water and Sewer: (Advice No. 03-8) Request to reinstate Schedule 2 to allow the company to offer a flat schedule to customers without meters.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve A&G LLC Water and Sewer's (A&G or Company) request to reinstate Schedule 2 to allow the company to offer a flat schedule to customers without meters.

**DISCUSSION:**

Background

A&G is a privately owned water and sewer company that provides service to 50 residential customers and one commercial customer within the city limits of Redmond, Oregon. The Company purchases water from the city of Redmond and passes that charge on to its customers. On January 9, 2003, A&G filed an application for a general rate case (UW 91), and on January 10, 2003, filed a request for interim rates. On January 27, 2003, the Commission approved interim rates of \$57.77 per month for residential customers for water and sewer and \$86.66 for the commercial customer for water and sewer. (See Order No. 03-059)

Prior to making its filing with the Public Utility Commission (Commission), A&G was charging a flat rate for both water and sewer. During the course of the rate case, Staff determined that A&G's customers would benefit from a water rate design based on consumption. In UW 91 testimony filed June 11, 2003, Staff proposed a residential water rate design that charges a base rate of \$23.62 plus \$0.79 per 100 cubic feet of use. Staff also proposed a commercial water rate design that charges a base rate of \$35.32 plus \$0.79 per 100 cubic feet. Staff recommended an effective date of August 1, 2003, for implementation of the metered rate designs.

To allow the Company to collect rates based on the proposed revenue requirement between the time of the Commission's order in UW 91 and the date metered rates became effective, Staff proposed residential interim rates of \$40.70 for water plus \$35.49 for sewer, for a total of \$76.19 per month. This rate was filed with Staff's testimony as A&G's Original Tariff Sheet No. 4, Schedule No. 2. The interim rate would expire August 1, 2003, when metered rates became effective.

On July 25, 2003, the Commission signed Order No. 03-458 approving Staff's recommended rate designs for A&G.

#### Request to Reinstate Schedule 2

During the course of the rate case Staff was informed that all customers had meters. However, the Company notified Staff in a July 30, 2003, e-mail that two of its customers that previously had meters do not now have meters. The Company expressed concern that it would be out of compliance with Commission Order No. 03-458 because it is not able to charge metered rates for those two customers.

The Company received an estimate of \$2,000 to replace the two meters. Currently, A&G is experiencing financial difficulties related to delinquent payments by several customers. For that reason, A&G needs additional time to collect the necessary funds to pay for the purchase and installation of the two meters.

On August 21, 2003, A&G LLC Water and Sewer filed a request to reinstate Schedule 2 through February 1, 2004, to allow the Company to charge a flat rate of \$76.19 per month to the two customers without meters.

Staff believes A&G's request to reinstate Schedule 2 until February 1, 2004, is reasonable.

#### **PROPOSED COMMISSION MOTION:**

Approve A&G's request to reinstate Schedule 2 until February 1, 2004, to allow the company to offer a flat schedule to customers without meters.